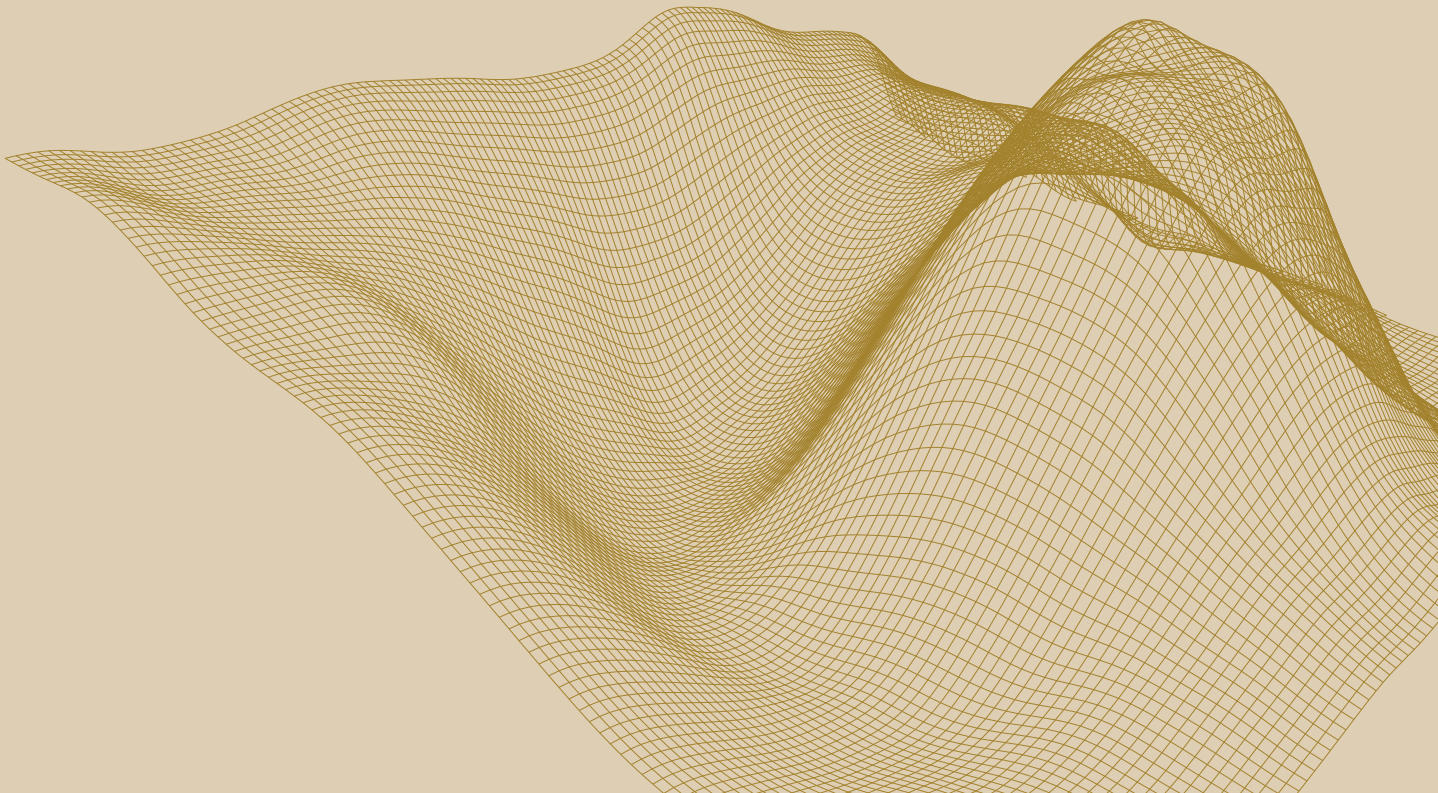


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2009

ANNUAL REPORT

IDEMITSU PETROLEUM NORGE AS



MESSAGE

FROM THE MANAGING DIRECTOR & PRESIDENT

In 2009, we in Idemitsu Petroleum Norge (IPN) celebrated 20 years as a participant on the Norwegian Continental Shelf. It has been a remarkable journey that has taken IPN from a fairly humble beginning to the vital and capable organisation that we are today. We are currently just over 40 employees and continue to grow in order to accommodate the steadily increasing number of licenses in which we participate.

Building an efficient and competent organisation has been a conscious effort that has been going on for some time. The result is a company that is being perceived as a reliable, skilled and capable partner and participant on the NCS by peers and authorities alike. We believe that our contribution through taking a proactive approach in license work benefits not only IPN, but the industry as a whole.

The same applies for the continuous efforts made by the entire industry to make sure all activities are carried out in a safe and sustainable manner. We gladly accept our part of this shared responsibility by always making sure that corporate governance, accountability and a strong HSE focus remain imperative aspects of the way we conduct our business.



This year, a key focus area for us has been the re-establishing of a portfolio strategy that will be steadily executed over the next few years. With several key assets located in mature areas with depleting reserves, we aim to replace declining production numbers by increased focus on exploration and asset acquisition. Also, IPN's internal control systems are continuously upgraded in order to ensure reliability of financial reports and compliance with Japanese SOX legislation.

The way we see it, the significant oil price drop and a global economy still in recovery could actually create opportunities. So we remain hopeful that IPN will continue to be an active player in the Norwegian oil industry for many years to come.

TERUYUKI TAKAHASHI
Managing Director & President

CELEBRATING 20 YEARS

IN THE AUTUMN OF 2009,
IDEMITSU PETROLEUM NORGE
CELEBRATED 20 YEARS OF
ACTIVITIES IN NORWAY

KEY DATA

	2009	2008	2007	2006	2005
OPERATING REVENUES (MILLION NOK)	3857	6343	5057	4592	4093
OPERATING PROFIT (MILLION NOK)	1305	2973	2125	1967	2148
PROFIT AFTER TAX (MILLION NOK)	218	942	530	492	497
DAILY OIL PRODUCTION (THOUSAND BARRELS)	26.4	31.2	31.2	27.9	31.7
INVESTMENTS (MILLION NOK)	735	794	831	695	357
EQUITY RATIO (YEAR END)	46 %	45 %	44 %	41 %	37 %
CASH FLOW BEFORE FINANCING (MILLION NOK)	-214	1407	487	-426	1117
CRUDE OIL RESERVES (MILLION SM ³)	13.4	14.5	15.6	19.8	21.3
RETURN ON EQUITY	7 %	38 %	25 %	23 %	19 %

DEFINITIONS

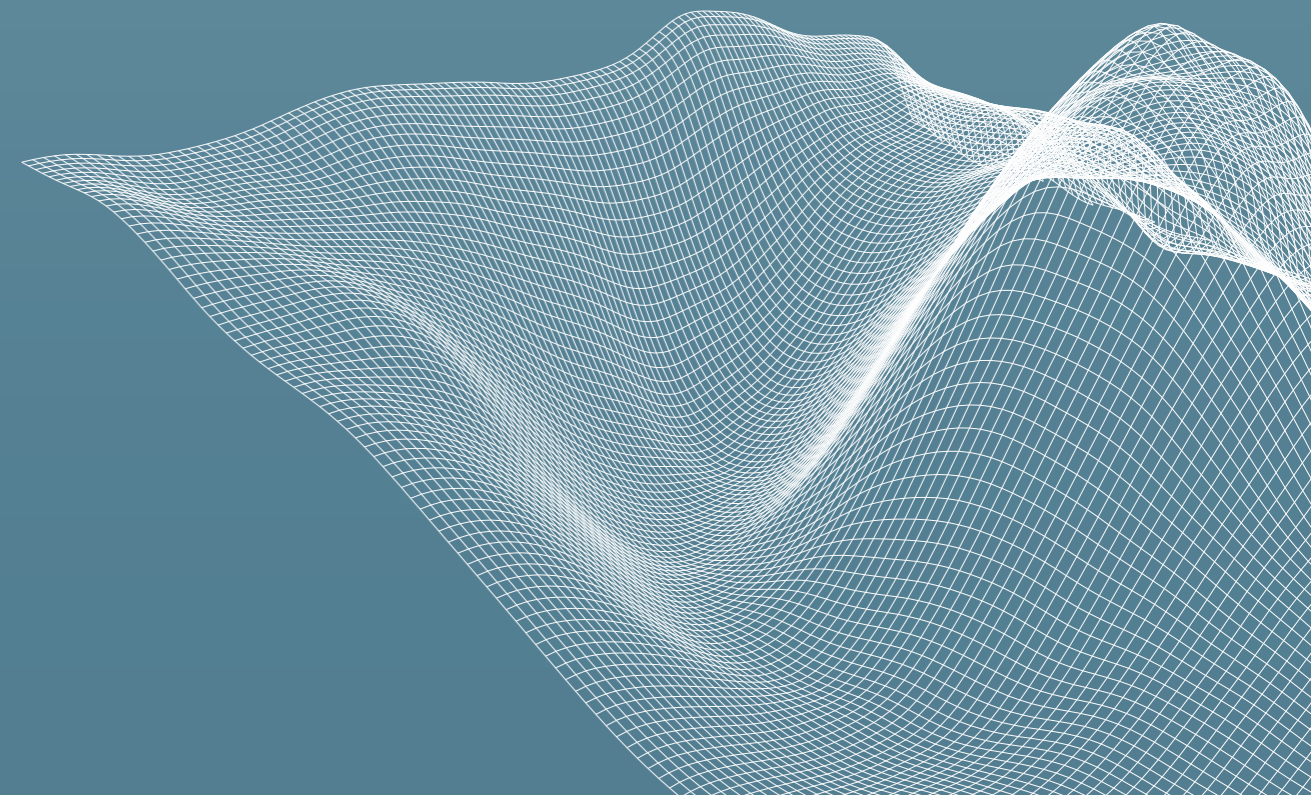
DAILY OIL PRODUCTION = AVERAGE DAILY OIL PRODUCTION, IDEMITSU SHARE

INVESTMENTS = OFFSHORE INVESTMENTS EXCL. PRODUCTION RIGHTS

CRUDE OIL RESERVES = PROBABLE, COMMERCIALY RECOVERABLE RESOURCES

RETURN = ANNUAL AFTER TAX PROFIT

EQUITY = EQUITY AT THE BEGINNING OF THE YEAR



20 YEARS

ON THE NORWEGIAN CONTINENTAL SHELF



01



02



03



04

Our Japanese-Norwegian business adventure started in 1989 when Idemitsu acquired a stake in the Snorre field. During the nineties, the relatively small number of staff kept busy developing Snorre and exploring nearby prospects. A string of discoveries in neighbouring areas, like Tordis, Statfjord Øst, Vigdis and Sygna, came into production during that period.

In 2002, a 15 % interest in the Fram field was acquired. Our first operatorship for PL 377 S was awarded four years later. A drill decision has been made and preparations are ongoing for an exploration well in early 2011.

With several assets in the historical core area of Tampen and Fram in declining stages of production, exploration efforts were stepped up a while back. The success rate over the past few years has simply been remarkable. We have also strengthened our focus on asset acquisition in an attempt to get back into the top ten producers on the shelf.

As our level of activity increased, so did the need for more staff. The number of employees quickly grew and today we are a team of just

over 40 looking after licenses from as far south as the Danish border all the way up north to the Barents Sea.

To mark Idemitsu's 20th anniversary in Norway, formal dinners were held both in Oslo and Stavanger. Several prominent guests from the Norwegian petroleum industry were in attendance, among them long-term business partners, representatives from the Norwegian authorities and His Excellency the Japanese Ambassador.

We hope for continued success on the Norwegian continental shelf in order to be a contributing corporate citizen in Norway for a long time to come.

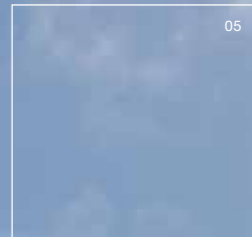
01 20th anniversary: Johan Nic Vold (Energy Policy Foundation), Per Terje Vold (OLF), Tore I. Sandvold (Sandvold Energy) and Kosuke Tsuji.

02 20th anniversary: Petoro chairman Gunnar Berge gave a speech. Bente Nyland (NPD) and Kosuke Tsuji in the background.

03 20th anniversary: Chieko Yamaguchi, wife of the Japanese ambassador to Norway, and IPN's Toshinori Takeyasu.

04 From the Snorre agreement signing ceremony in Tokyo.

05 Snorre B.



05



WE HOPE FOR
CONTINUED
SUCCESS FOR
A LONG TIME
TO COME

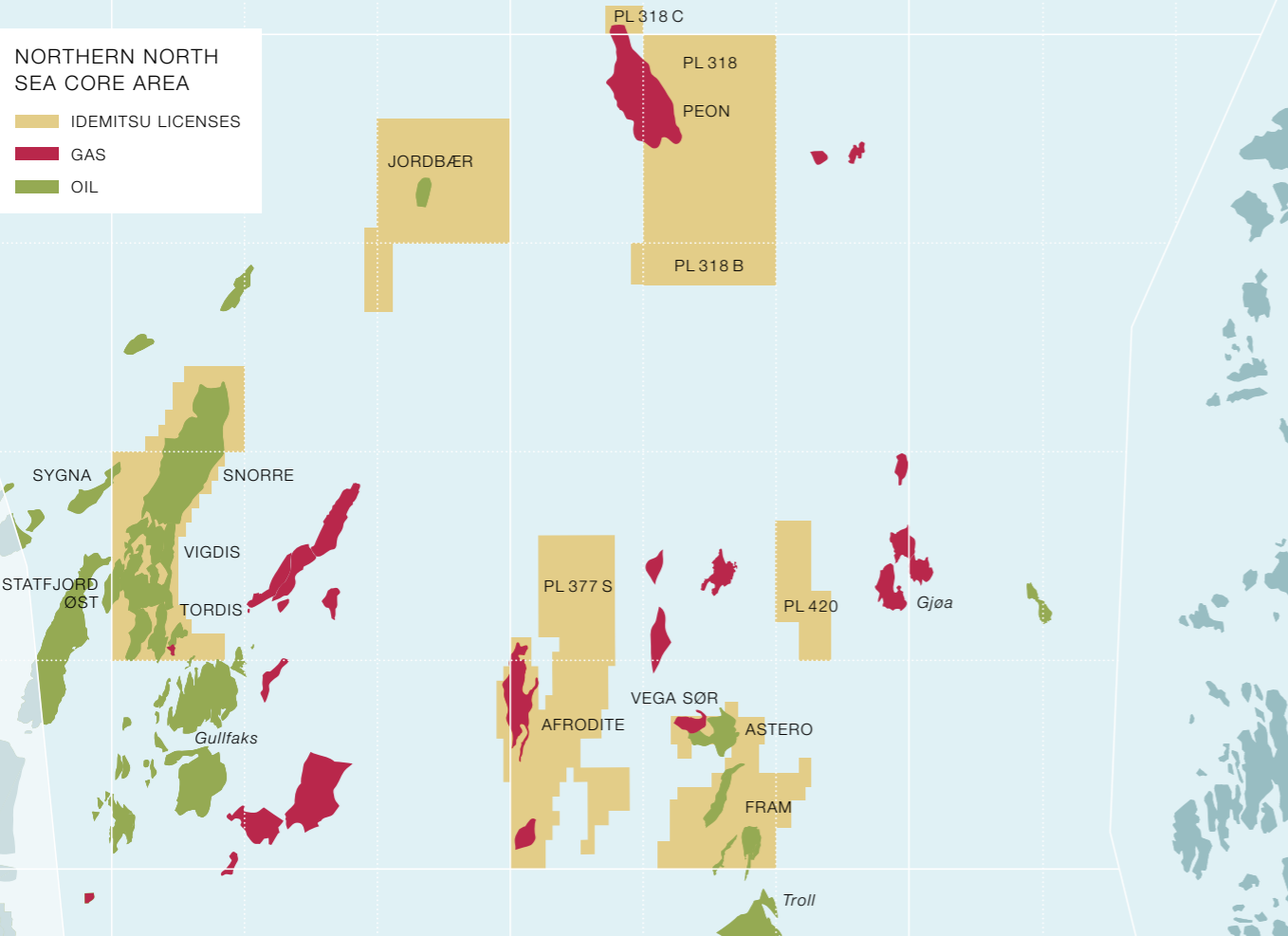
LICENSE PORTFOLIO

PRODUCTION LICENSE (PL)	INTEREST (%)	FIELD OR DISCOVERY
057	9.6	SNORRE
089	9.6	SNORRE STATFJORD ØST SYGNA TORDIS VIGDIS
090	15.0	FRAM AREA H-NORD C-ØST
090 B	15.0	ASTERO
090 C	15.0	VEGA SØR
090 D	15.0	
273	10.0	
293	15.0	AFRODITE
318	20.0	PEON
318 B	20.0	
318 C	20.0	
373 S	25.0	JORDBÆR
377 S	50.0	(IPN OPERATED)
390	30.0	
391	20.0	
420	30.0	
522	20.0	
537	20.0	



NORTHERN NORTH SEA CORE AREA

- IDEMITSU LICENSES
- GAS
- OIL



EXPLORATION

2009 WAS A FRUITFUL YEAR FOR IDEMITSU'S EXPLORATION ACTIVITIES IN NORWAY

Following a late 2008 submission of an extensive application for frontier exploration acreage in the 20th Licensing Round, the company was among the most successful applicants when awards were made early in 2009. Idemitsu accepted license share offers in very interesting areas, both in the deep-water part of the Norwegian Sea and in the Barents Sea. Later in the year, applications for licenses were submitted for Awards in Pre-defined Areas 2009, with awards expected in early 2010. Continued exploration efforts in heartland Idemitsu acreage in the northern North Sea were rewarded with an oil discovery in well 34/7-34, - 34 A that drilled the Vigdis North-East prospect, while appraisal well 35/2-2 that was placed in the shallow Peon gas discovery also proved successful. Later, the nearby appraisal well 34/3-2 S was dry, but helped delineate the eastward boundary of the Jordbær discovery in addition to providing additional information on this interesting play. Of the seventeen Idemitsu wells and sidetracks with exploration/appraisal objectives drilled since 2005, thirteen have been hydrocarbon discoveries.

- ⌚ In **PL 057** (PART BLOCK 34/4; 9.6 % IPN INTEREST), remaining potential was evaluated, and well 34/4-12 S in the north-east of Snorre field was spudded in December.
- ⌚ In **PL 089** (PART BLOCK 34/7; 9.6 % IPN INTEREST) exploration has entered a late phase, but the license still contains attractive exploration potential. In 2009, the semisubmersible exploration well 34/7-34 and 34 A explored the Vigdis NE prospect and discovered a new oil accumulation of around 25 million barrels.
- ⌚ In **PL 090** (LOCATED IN BLOCK 35/11; 15 % IPN INTEREST) work to mature undrilled prospects is continuing.
- ⌚ In **PL 090 B** and **090 C** (LOCATED MAINLY WITHIN BLOCK 35/11; 15 % IPN INTEREST) the Vega Sør field is being developed, and the Astero discovery is under evaluation for development.
- ⌚ In **PL 273** (PART BLOCK 2/9; 10 % IPN INTEREST) remaining license prospectivity is being evaluated.
- ⌚ In **PL 293** (BLOCKS 34/12 AND 35/10; 15 % IPN INTEREST) field evaluation studies of the Afrodite discovery are ongoing. A partial relinquishment of the license was made.
- ⌚ In **PL 318** (BLOCK 35/2; 20 % IPN INTEREST) well 35/3-2, the Peon discovery was appraised, and a drill-stem test (DST) was successfully

PRODUCTION AND OPERATIONS

carried out with a production rate of 1 million Sm³ gas per day. This shallow gas deposit contains estimated recoverable resources of 15-30 billion Sm³. Evaluation of deeper targets is ongoing.

⊗ In **PL 373 S** (PART BLOCK 34/3; 25 % IPN INTEREST) field development study activities for the 2008 Jordbær discovery progressed. Exploration well 34/3-2 S was drilled on a separate structure east of Jordbær but proved only traces of oil.

⊗ In Idemitsu-operated **PL 377 S** (PART BLOCK 35/7; 30 % IPN INTEREST) prospect evaluation based on new and reprocessed 3D seismic was carried out, and a decision to drill was made. This will be Idemitsu's first exploration well on the Norwegian Continental Shelf as an operator. Idemitsu also entered into a farm-down agreement with GDF SUEZ E&P Norge AS and Spring Energy AS, both obtaining a 20 % license interest. Idemitsu will retain a 30 % interest, identical to that of Bayerngas Norge AS.

⊗ In **PL 390** (BLOCKS 6506/4 AND 6505/6 & 9; 30 % IPN INTEREST) prospect evaluation based on 3D seismic data continued.

⊗ In **PL 391** (BLOCK 6506/1; 20 % IPN INTEREST) a drill-or-drop decision will be made during early 2010.

⊗ In **PL 420** (PART BLOCK 35/9; 30 % IPN INTEREST) a license decision to drill the Titan prospect was made, and drilling is anticipated in 2010.

⊗ **PL 522** (BLOCKS 6604/2, 3, 4, 5 & 6; 20 % IPN INTEREST) was awarded in the 20th round. 3D seismic was acquired and processing completed.

⊗ **PL 537** (BLOCKS 7324/7 & 8; 20 % IPN INTEREST) was also awarded in the 20th round. New 3D seismic has been acquired and processing commenced.

While maintaining a long-term view on the prospectivity of the Norwegian Continental Shelf, Idemitsu will expand and utilise its increasing staff of highly skilled E&P professionals to continue and strengthen its exploration activities during the years to come. Idemitsu will seek to achieve this objective through acquisition of promising exploration acreage via licensing round participation as well as through pursuit of attractive farm-in opportunities.

TAMPEN AND FRAM ARE OUR HISTORICAL CORE AREAS

TAMPEN AREA

Five of Idemitsu's producing fields are located in the Tampen area of the North Sea.

⊗ SNORRE

Spanning blocks 34/4 and 34/7, the Snorre field has been producing since August 1992, when the Snorre A platform started production. The Snorre B platform came on-stream in 2001.

Although the Snorre field has a long production history, production is still expected to last for another 25-30 years. Plans are being developed to secure continued operation of the field in the long term perspective.

⊗ TORDIS

The Tordis field, is developed by subsea installations tied in to Gullfaks C platform ten kilometres away for processing.

The production from Tordis started in 1994 and during the years of operation, the Tordis field has shown generally good production performance and high regularity. The field is now in a decline phase, but is still expected to produce for another 8-10 years.



01

⊗ VIGDIS

The Vigdis field is a satellite development tied back to the Snorre A platform seven kilometres away for processing. Vigdis started its production in 1997.

In 2009, an oil discovery was made in exploration well 34/7-34 (Vigdis North-East). The Vigdis North-East discovery is now being evaluated for development as a subsea tie-in to the existing Vigdis subsea installations.

⊗ STATFJORD ØST

Statfjord Øst is a subsea satellite field tied in to the Statfjord C platform.

⊗ SYGNA

Sygna is also a subsea satellite field tied in to the Statfjord C platform.

01 From the Troll C platform where the Fram oil is being processed.

SEVERAL DISCOVERIES ARE CURRENTLY BEING EVALUATED FOR DEVELOPMENT



01



02



03

FRAM AREA

In 2002 Idemitsu purchased a 15 % share in the PL 090 license, which later has been divided into PL 090, PL 090 B and PL 090 C and further expanded with area PL 090 D. Today the Fram licenses are among the core areas for the company.

» FRAM

The Fram field is located 20 kilometres north of the Troll C platform, and started production in October 2003. The Fram field is developed with subsea templates tied back to the Troll C platform for processing. The field also exports gas that is being transported in a pipeline to Kollsnes gas terminal for processing and further export.

» VEGA SØR

The Vega Sør PDO was approved by the authorities in June 2007 and the field is being developed jointly with the Vega field as a subsea tie-back to the Gjøa platform. The gas from the Vega field will be transported via the FLAGS system to the terminal at St Fergus, UK.

Production start is planned to be October 2010.

DISCOVERIES

Idemitsu has made several discoveries that are currently being evaluated for development. The most important are the Jordbær discovery (PL 373 S), the Peon discovery (PL 318), the Vigdis NE discovery in the Tampen area, the Afrodite discovery (PL 293) and the Astero, H-North and C-East discoveries in the Fram area. The discoveries are at different stages of maturity, but are expected to make valuable contribution to the Idemitsu portfolio of producing fields in the years to come.

01 Boarding a helicopter to visit the Troll C platform.

02 Fram Vest subsea installation.

03 Snorre A.



IDEMITSU KEY FIGURES

CONSOLIDATED GROUP FIGURES FOR THE YEAR ENDED 31.03.2009

SALES REVENUE	3 798 BILLION JPY (238 BILLION NOK)*
BALANCE	2 289 BILLION JPY (143 BILLION NOK)
EMPLOYEES	7 826
SERVICE STATIONS	4 598
REFINERIES IN JAPAN	4
PETROCHEMICAL PLANTS IN JAPAN	2

*JPY/NOK rate 31.12.2009

IDEMITSU GROUP

IDEMITSU GROUP
IS ONE OF THE LARGEST
INDEPENDENT ENERGY
CORPORATIONS IN JAPAN



02

Idemitsu was founded by Sazo Idemitsu in 1911 in Moji, Kita-Kyushu. During its 98-year history, the group has achieved remarkable business growth, especially through the second half of the twentieth century, and is now one of the largest independent energy corporations in Japan.

Idemitsu is aiming to be a company that contributes to society through stable and sustainable growth. "Respect for Human Beings" is the starting point of management.

The activities of the group include oil-related business for stable supply of energy, and also compound energy businesses such as onsite fuel cell/gaseous energy, oil exploration, geothermal energy, coal and uranium mining, highly value-added production of petrochemicals and lubricants, electronic materials and new biotechnology business.

01 Idemitsu staff at work in Tokyo.

02 Idemitsu carries out business all over the world.

As an energy supplier, Idemitsu promotes the development of energy sources to replace fossil fuels. Among such efforts, particular emphasis is placed on renewable energy with low environmental impact. In 2007, Idemitsu began working toward wind-power generation and supplying biogas.

Idemitsu's exploration activities started in 1971 with an aim to develop a full line of integrated activities ranging from upstream to downstream petroleum business. Since the successful discovery of the first oil field offshore Japan in 1972, they have explored, developed and produced oil and gas for almost 40 years.

Norway has been a core area since entering the Snorre development in 1989. Idemitsu group commits to actively seek investments on the Norwegian continental shelf and continue their contribution to Norwegian society.

IDEMITSU / MUNCH

THE IDEMITSU MUNCH CONNECTION



01



02



03

The Idemitsu group has a long tradition for corporate social responsibility. Founder of our parent company Idemitsu Kosan, Mr Sazo Idemitsu, was an avid art collector all his life. Today, his comprehensive collection is being displayed in two different branches of the Idemitsu Art Museum - one in Tokyo, where the group's head quarter is located and one in Moji, where Idemitsu was founded.

In 1993, Idemitsu Kosan contributed 61 million NOK to the expansion and refurbishment of the Munch museum in Oslo. As part of the agreement between the two entities, Idemitsu Art Museum has borrowed works by Edvard Munch for the last 15 years for the Japanese public to see. A number of Munch's masterpieces have been exhibited in Tokyo throughout this period.

The relationship between Idemitsu and the Munch museum was further consolidated when Idemitsu Petroleum Norge donated 4 million NOK for research, conservation and exhibition of the recovered paintings *Skrik* and *Madonna* after the robbery in 2004.

For several years the Munch museum has played host to our renowned annual business receptions. The exciting blend of Norwegian art and Japanese delicacies has proven to be a successful one among our partners and associates, and we hope to be able to uphold this tradition for a long time to come.

01 *Madonna* on display in the Munch museum.

02 We offer sushi at our annual business receptions.

03 Violinist Seiki Ueno and Takako Ueno playing in the Munch museum.

04 Prima ballerina Maiko Nishino and partner Yosuke Kusano performing at last year's business reception.



04

THE IDEMITSU
GROUP HAS
A LONG
TRADITION FOR
CORPORATE
SOCIAL
RESPONSIBILITY

ANNUAL REPORT

OF THE BOARD OF DIRECTORS 2009

IDEMITSU PETROLEUM NORGE AS (IDEMITSU) IS ENGAGED IN EXPLORATION FOR, AND DEVELOPMENT AND PRODUCTION OF CRUDE OIL AND NATURAL GAS ON THE NORWEGIAN CONTINENTAL SHELF (NCS)

Idemitsu was founded on 25 September 1989. On 2 October 1989, a 9.6 % interest in Production Licenses (PL) 057 and 089 was acquired from Statoil. These production licenses are located in the Tampen area in the northern North Sea, and comprise the Snorre, Tordis, Statfjord Øst, Sygna, and Vigdis fields. In 2009, Idemitsu celebrated its 20th anniversary in Norway.

In February 2002, Idemitsu's bid for one of the Fram parts of the SDFI divestiture was accepted by the Norwegian state. The Fram package included a 15 % share in PL090. All located within PL090, Fram Vest and Fram Øst started production in 2003 and 2006, respectively.

Idemitsu is a part of the Japanese Idemitsu Kosan group. Idemitsu Snorre Oil Development Co., Ltd. (ISD), a Japanese company registered in Tokyo, owns all the shares. An owner share

in ISD of 50.5 % is held by the Idemitsu Kosan group. The remaining 49.5 % is held by the holding company Osaka Gas Summit Resources Co., Ltd, which is owned by Osaka Gas (70 %) and Sumitomo (30 %).

EXPLORATION & PORTFOLIO

In 2009 Idemitsu was awarded three new licenses. PL537 is the first Idemitsu license in the Barents Sea, and 3D seismic was acquired on this license in 2009. PL522 is located in the Norwegian Sea, and also here 3D seismic was acquired in 2009. In addition, Idemitsu was awarded a 20 % share in PL318C, which is additional area related to the Peon discovery in PL318.

Idemitsu participated in several exploration wells during 2009. An encouraging discovery was made at Vigdis North-East, adding to the reserves in the greater Vigdis area. Furthermore, an appraisal well in the Peon discovery (PL318) fulfilled its objectives and was declared a technical success.

There are a number of promising discoveries in Idemitsu's portfolio, and the company is actively working with the operators to find an optimal development solution for each of them. The Board of Directors is pleased that the project base of Idemitsu is expanding, and regards the potential on the NCS as being good. Idemitsu intends to take an active part in coming licensing rounds and will continue to seek further investment opportunities on the NCS.

PRODUCTION & OPERATIONS

The total net production from Idemitsu's producing fields in 2009 was slightly lower than in 2008. The production in the Fram area has increased more than expected, but the fields in the Tampen area are in a declining production stage.

The Vega Sør development (PL090C) is going according to plan. Production is scheduled to start in 2010.

Idemitsu is the operator for PL377S in the northern North Sea. A 20 % share in PL377S was farmed out to GDF SUEZ E&P Norge in 2009, and a drilling decision was made.

HEALTH, SAFETY, ENVIRONMENT & QUALITY (HSE&Q)

HSE&Q is one of the main focus areas for Idemitsu and has been an area where significant upgrading has taken place during 2009 in order to prepare for exploration drilling activities as operator. The HSE&Q-critical aspects of the management system have been reviewed and processes for exploration drilling have been added in preparation for the upcoming exploration well in Idemitsu-operated PL377S. These efforts continue into the next year with a sharper project-oriented focus to ensure compliance with external requirements and the updated Idemitsu management system.

The 'see to' duty in the licenses is one of the main HSE&Q activities as a license partner. In 2009, Idemitsu participated in a management inspection

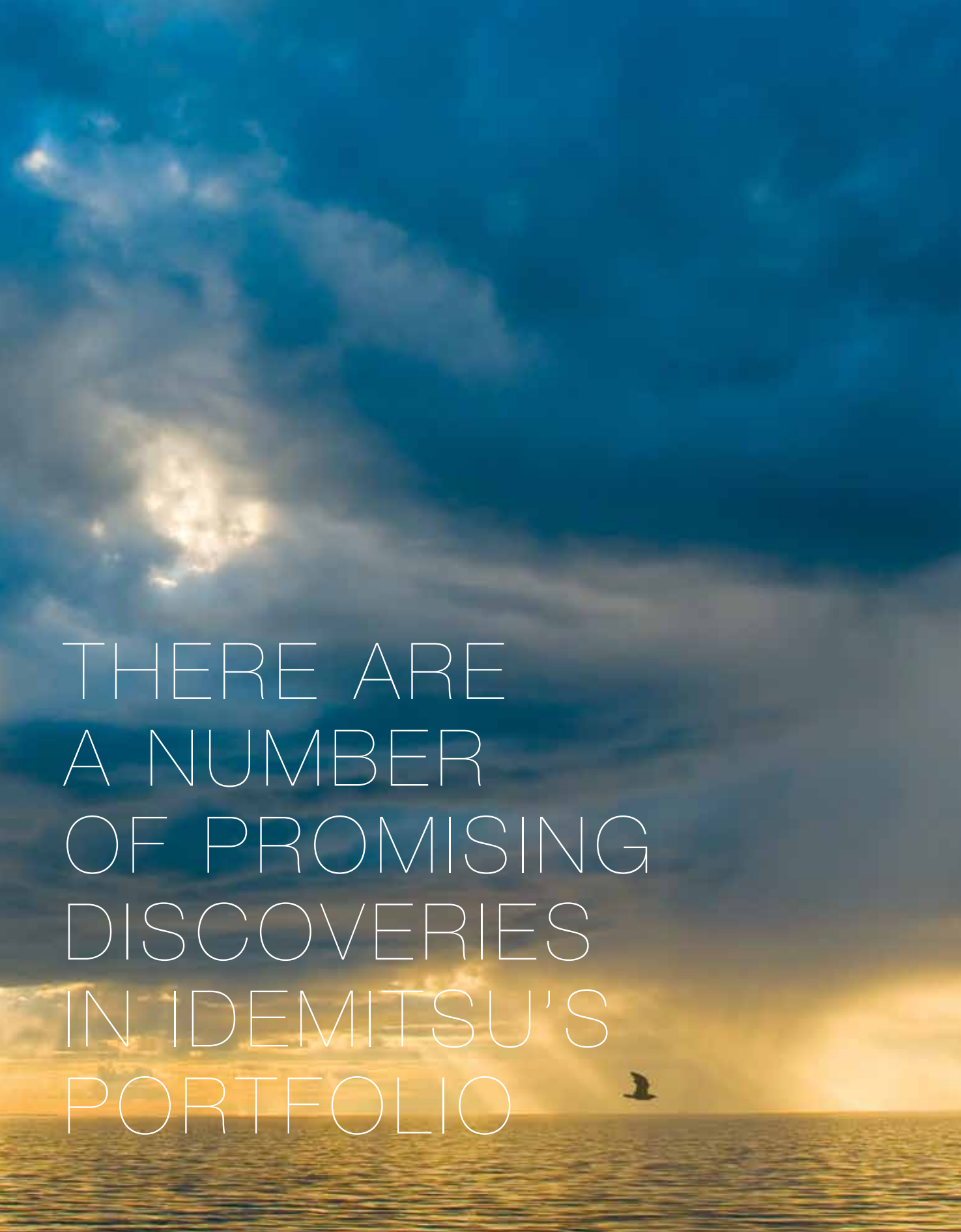
of two of the assets in the license portfolio, on the Snorre A and B facilities. The inspection included meetings with platform management, field survey and field operator interviews.

At the end of 2009 there are 34 employees in IPN. The total sick leave for 2009 was 2.4 %. This is up from the 0.9 % sick leave in 2008, but it is still considered low compared to national and industry averages. There is a continuous focus on ergonomics and work-life balance to minimise the risk for long-term sick leave. No work-related accidents or incidents causing damages took place during 2009.

Idemitsu has a policy of equal opportunity for both genders. The number of women in the Board of Directors has been one (20 %) in 2009. There is a growing female representation among the professional staff, attaining more than 25 % at the end of the year.

The company's office activities have not caused pollution to the external environment. A new video conference system has been installed, and it is anticipated that this may reduce the need for business travel in the coming years.

The building of an HSE&Q culture is an important factor in fostering and maintaining good HSE&Q results. The risk management process has been revised in order to give all staff a better understanding of the company's risk exposure. Risk assessment is performed in all activities to enable management to identify new



THERE ARE
A NUMBER
OF PROMISING
DISCOVERIES
IN IDEMITSU'S
PORTFOLIO

risks at an early stage and to compensate with necessary measures to control or mitigate the risk.

FINANCIAL RESULT

01 PROFIT AND LOSS STATEMENTS

Idemitsu posted a profit after tax of 218 million NOK in 2009. This is significantly lower than in 2008. Total sales income has decreased by 39% compared to 2008. The decrease is mainly due to lower crude oil price. In addition, the sales volume of crude oil has been reduced.

Operating expenses have decreased with around 23%. As part of the sales agreement for PL089 and PL057, there is a profit sharing agreement with the seller. The total booked cost for this profit sharing obligation in 2009 is 532 million NOK. The decrease in cost related to this agreement is the main reason for the reduced operating expenses.

Foreign exchange loss was significant in 2009 due to the weakening of the USD against NOK.

02 BALANCE SHEETS

Idemitsu has currently no long term loans. No dividend has been proposed for 2009. Equity represents 46.1% of total assets.

Capitalized exploration cost increased with around 89 million NOK due to discoveries made in 2009.

03 CASH FLOW STATEMENTS

Total investment in production facilities in 2009 was 735 million NOK, compared to 794 million NOK in 2008. The investments are partly related to the new Vega Sør field where development was ongoing in 2009. There have also been substantial investments in producing fields, especially Snorre, in order to maintain the production at the highest possible level.

Cash flow from operation is somewhat lower than the operating profit. The main difference between cash flow from operation and operating profit is caused by depreciation and tax payments. The 2009 financial statement is given under the "going concern" assumption.

FINANCIAL RISK

04 MARKET RISK

Idemitsu is fully exposed to the oil price fluctuation risk. The company has most of its income in USD and cost in NOK. Most of the USD to NOK currency exchange risk was covered by short term foreign exchange contracts. Risk reductions by using the mentioned financial instruments will never exceed the actual risk position.

05 LIQUIDITY RISK

Idemitsu has no long term loans and a comfortable cash position. The cash flow from fields in production is strong and sufficient to cover the company's obligations even when the crude oil price is fairly low. It is expected that the company has substantial loan capacity based on the security of its producing assets.

ⓧ CREDIT RISK

The customers and banks which are doing business with Idemitsu are large and solid corporations. The company spreads its financial assets among several banks.

OUTLOOK

Idemitsu's annual profits are closely linked to the crude oil price and exchange rates. These elements, especially the crude oil price, are difficult to estimate. Idemitsu expects the crude oil price to remain around the same levels as

in late 2009 in 2010. Due to the solid equity and high cash flow from existing licenses, Idemitsu can expect to be profitable even at fairly low crude oil prices.

The crude oil production and sales volume also affect the annual results. The 2010 production is expected to be slightly lower than in 2009.

The Board of Directors is not aware of any significant matters not already presented in this report or in the financial statements.

ALLOCATION OF THE ANNUAL PROFIT

THE PROFIT FOR THE YEAR OF NOK 217 927 512 IS PROPOSED ALLOCATED AS FOLLOWS:

DIVIDENDS	0
RETAINED EARNINGS	217 927 512
TOTAL ALLOCATED	217 927 512

All of the accumulated retained earnings are available for dividends.

8 April 2010



05 TROND STANG
Chairman



04 TERUYUKI TAKAHASHI
Managing Director & President



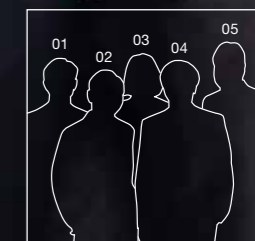
01 TOSHINORI TAKEYASU



03 CATHRINE HAMBRO



02 HAJIME OSHIMA



ACCOUNTS & NOTES

PROFIT AND LOSS STATEMENTS

	NOTE	2009	2008
Operating revenue			
Sales of crude oil	1, 12	3 665 512 714	6 047 364 200
Sales of NGL	1	63 582 477	80 000 093
Sales of dry gas	1	85 236 481	187 327 401
Tariff income and other revenue	1	43 018 667	28 369 043
Total operating revenues		3 857 350 339	6 343 060 736
Operating expenses			
Production cost, processing tariff, CO2		647 087 550	701 451 458
Gas and transportation costs		56 529 599	54 693 667
Profit sharing agreement	7	532 027 891	1 513 492 026
Changes in inventory and over- / underlift	9	65 682 490	- 65 975 194
Exploration costs	17	226 223 100	214 127 314
Salaries, social security, pension payments	2, 3	60 389 916	47 145 667
Other operating and administrative costs	3	36 750 977	29 977 971
Ordinary depreciation	4, 5	854 944 332	800 833 178
Ordinary depreciation of production rights	5, 7	72 783 435	74 710 391
Total operating expenses		2 552 419 290	3 370 456 479
OPERATING PROFIT		1 304 931 049	2 972 604 257
Financial income and expenses			
Interest income		18 091 846	82 969 507
Foreign exchange gain	11, 12	196 202 305	679 522 273
Interest expense	10	57 443 090	46 669 775
Foreign exchange loss	11, 12	346 170 255	430 302 579
Other financial expenses		207 714	140 139
Net financial items		- 189 526 909	285 379 286
PROFIT BEFORE TAXES		1 115 404 141	3 257 983 543
Taxes on ordinary result	6	897 476 629	2 316 461 868
PROFIT FOR THE YEAR		217 927 512	941 521 675
Proposed dividend		0	0
Allocated to retained earnings		217 927 512	941 521 675
Total allocated		217 927 512	941 521 675

BALANCE SHEETS

	NOTE	31.12.2009	31.12.2008
FIXED ASSETS			
Intangible fixed assets			
Production rights	5, 7	464 783 794	537 567 229
Successful efforts exploration wells	5, 17	779 433 440	690 244 343
Total intangible fixed assets		1 244 217 234	1 227 811 572
Tangible fixed assets			
Production facilities in operation	5, 8, 10	3 027 945 601	3 347 254 260
Production facilities under development	5	376 093 830	132 432 685
Furniture and fixtures and cars	5	9 124 120	8 343 323
Total tangible fixed assets		3 413 163 552	3 488 030 267
Financial fixed assets			
Employee long term receivables		8 169 843	1 447 338
Other long term receivables	15	134 164 299	52 713 088
Total financial fixed assets		142 334 142	54 160 426
TOTAL FIXED ASSETS		4 799 714 927	4 770 002 265
CURRENT ASSETS			
Stocks and underlift			
Inventory and underlift	9	91 809 078	80 235 536
Debtors			
Accounts receivable		33 782 454	39 973 209
Receivables from group companies	16	333 851 113	273 190 945
Other current assets		17 581 266	42 361 579
Total debtors		385 214 833	355 525 733
Bank			
Bank and cash		1 403 755 840	1 942 800 795
TOTAL CURRENT ASSETS		1 880 779 752	2 378 562 064
TOTAL ASSETS		6 680 494 678	7 148 564 329

	NOTE	31.12.2009	31.12.2008
EQUITY			
Paid-in share capital	13	727 900 000	727 900 000
Retained earnings	13	2 352 489 548	2 459 162 036
TOTAL EQUITY		3 080 389 548	3 187 062 036
LIABILITIES			
Provisions			
Pension liabilities	2	4 948 297	3 801 568
Deferred tax	6	1 295 584 815	1 391 928 802
Abandonment accrual	10	842 053 729	763 956 526
Total provisions		2 142 586 841	2 159 686 897
Current liabilities			
Suppliers payable		59 712 411	113 209 969
Payables group companies	16	713 160	893 639
Accrued payroll taxes, VAT, etc.		8 521 365	14 760 396
Taxes payable	6	604 949 036	1 277 898 771
Other current liabilities and overlift	9, 14	783 622 318	395 052 622
Total current liabilities		1 457 518 289	1 801 815 398
TOTAL LIABILITIES		3 600 105 130	3 961 502 294
TOTAL EQUITY AND LIABILITIES		6 680 494 678	7 148 564 329

8 April 2010



TROND STANG
Chairman



TERUYUKI TAKAHASHI
Managing Director & President



TOSHINORI TAKEYASU



CATHRINE HAMBRO



HAJIME OSHIMA

CASH FLOW STATEMENTS

	NOTE	2009	2008
Cash generated from / used in operating activities			
Profit / (loss) before taxes for the year		1 115 404 141	3 257 983 543
Taxes paid		-1 629 239 239	-1 834 036 470
Ordinary depreciation	5	927 727 767	875 543 569
Interest expense, asset ret. obligation	10	40 566 092	34 230 969
Pension accrual	2	1 146 729	1 678 949
(Gain) / loss on sale of fixed assets		-43 132	-179 418
Change in inventory and short term assets and liabilities (excl. dividend payment)		287 389 985	311 730 919
Net cash flow from operations	A	742 952 342	2 646 952 062
Cash flow used for investments			
Investment in furniture and fixtures and cars	5	-4 639 556	-6 596 830
Proceeds from sales of fixtures and cars		135 000	214 000
Investment in production facilities	5	-734 847 835	-794 061 071
Investment in successful exploration wells	5, 17	-89 189 097	-387 751 202
Change in other long term assets/liabilities		-128 855 809	-52 032 835
Net cash flow to investments	B	-957 397 296	-1 240 227 938
Cash flow used for financing			
Share capital increases / (decreases)		0	
Paid dividend	13	-324 600 000	-255 700 000
New loans		0	
Loan repayments		0	
Net cash flow to financing	C	-324 600 000	-255 700 000
NET MOVEMENT IN BANK AND CASH	A+B+C	-539 044 954	1 151 024 125
Bank and cash at 1 January		1 942 800 795	791 776 671
BANK AND CASH AT 31 DECEMBER		1 403 755 840	1 942 800 795
2009			
2008			
Bank and cash: restricted funds for employee withholding tax		MNOK 5.0	MNOK 5.0

ACCOUNTING PRINCIPLES

The financial statements of IPN have been prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway. The accounting language for Idemitsu is English. Presentation currency and functional currency are both NOK.

The 2009 accounts were approved by the Board of Directors on 8 April 2010.

SHARES IN JOINT VENTURES

The company's shares in joint ventures on the Norwegian Continental Shelf are booked under the respective lines in the profit and loss statement and the balance sheets.

REVENUES

Revenues are recognized in accordance with the Sales method as opposed to the Entitlement method. According to the Sales method, the sale is booked when risk and reward is transferred.

DEFERRED TAXES / TAX EXPENSE

Tax expense comprises payable tax and deferred tax. The deferred tax asset or liability is calculated based upon net temporary differences between assets and liabilities recognized in the financial statements and their bases for tax purposes after offsetting for tax loss carry forwards and special tax deductions. The full liability method is followed and the asset or liability is not discounted to a net present value. Current tax rates are used when calculating deferred tax.

Uplift reduces the special petroleum tax paid by oil companies under the current tax regime. No deferred tax is recorded in relation to uplift which will become payable in the future.

DEVELOPMENT COSTS AND DEPRECIATION AND WRITE DOWN

All offshore development costs are capitalized from the time when a discovery is deemed to give future commercial production. Development costs are depreciated using the Unit of Production (U.O.P.) method. Under this method, the annual depreciation charge is based on the percentage of the remaining estimated produceable reserves of an oil field actually extracted in a given year. Certain future investments are required to produce the remaining estimated produceable reserves. These future investments are included in the depreciation base.

For tax purposes, offshore development costs are depreciated straight line over 6 years.

If the net recorded value after deduction of accumulated depreciation for a field exceeds its value of discounted future net cash flows, a write down is made.

CAPITALIZED INTEREST COSTS

All interest costs associated with the development of production fields are capitalized up to production start and are thereafter depreciated using the U.O.P. method.

CAPITALIZED GENERAL AND ADMINISTRATIVE COSTS

All direct general and administrative costs associated with the development of petroleum fields are capitalized according to man hours spent on each field up to production start and are thereafter depreciated using the U.O.P. method.

PRODUCTION RIGHTS

Production rights represent the excess of the price paid over the cost of assets acquired by the company. Production rights are depreciated using the U.O.P. method.

FURNITURE, FIXTURES AND CARS

Fixed assets are recorded in the balance sheets at cost after deduction of total ordinary depreciation. Ordinary depreciation is based on cost and is calculated on a straight line basis over the estimated economic life of the asset, which is 3 or 5 years.

EXPLORATION COSTS

Exploration costs are accounted for in accordance with the "Successful efforts" method. Under this method, all costs associated with the exploration of licenses are expensed as incurred, with the exception of drilling and testing costs of exploration wells where a commercial discovery is made. Such expenses are capitalized under 'Intangible fixed assets' and depreciated using the U.O.P. method together with the producing asset the discovery gave rise to. Exploration wells where the status of a discovery is pending are initially capitalized, and written off fully if the

discovery is later deemed non-commercial. If a pending well turns out to be dry or non-commercial after the balance sheet date but before the account closing date, such information is recognized as a subsequent event and the drilling and testing cost for the well is fully expensed.

ASSET RETIREMENT COST

Obligations related to future abandonment and decommissioning of production facilities are recorded at net present value (NPV) in the balance sheets. According to the net present value method, the company records as liability the net present value of future abandonment and decommissioning cost at each balance sheet day. Change in estimates is booked against the related producing asset and is depreciated along with this asset. Interest cost related to the time value of the liability is booked as financial cost.

SALARY PRESENTATION IN PROFIT AND LOSS STATEMENTS

The Accounting Act §6-1 requires salaries to be presented separately in the profit and loss statements. Such detailed information is not available in the license accounts, and salaries from the license accounts are therefore included in the respective lines in the income statement.

PENSION COSTS

The company finances a collective defined benefit retirement plan which covers all its local employees. This plan is administered by a Norwegian insurance company. In accordance with actuarial calculations the net present value of the future pension

obligations are estimated and compared with the value of all funds paid and previously saved. The difference is shown in the balance sheets under 'Other long term liabilities'. Paid pension premiums and changes in net liability are recorded under 'Salaries, social security, pension payments' in the profit and loss statements. Pension obligations are recorded in accordance with IAS 19.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated at the exchange rates prevailing at the time of the transaction. Unrealized gains and losses arising from the individual revaluation of long term assets and liabilities at year end rates are recognized through the profit and loss statement. Unrealized gains are not recognized for tax purpose except to the extent that they represent a reversal of a previously recorded loss. Short term assets and liabilities are revalued individually at year end rates, and unrealized gains and losses are recognized through the profit and loss statement.

FINANCIAL INSTRUMENTS

Short term forward currency exchange contracts outstanding at the end of the year are revalued to market value. All other gains and losses are recognized at the time of realization.

CURRENT ASSETS AND LIABILITIES

Current assets and liabilities include items falling due within one year. 'Bank and cash' includes short term time deposits in banks. Current assets are recorded at face value. No losses are anticipated.

INVENTORIES AND OVER / UNDERLIFT OF PETROLEUM PRODUCTS

Liabilities arising from lifting more than the company's share of the joint venture's petroleum production (overlifting) are valued at the higher of gross market value and production cost, and booked under 'Other current liabilities and overlift'. Inventories and underlifting are valued at the lower of production or acquisition cost and net market value, and booked under 'Current assets'. Full production cost including indirect cost is used for crude oil. For natural gas liquids and dry gas, full production cost after separation from crude oil is included according to the economic carrying ability principle.

GAS BANKING

Gas banking inventories are valued at the lower of production cost (see above) and net market values.

RESEARCH AND DEVELOPMENT

The company's research and development costs, which are immaterial amounts, are expensed as incurred.

MAINTENANCE

Maintenance costs are expensed as incurred. No accrual is made for periodic maintenance.

CASH FLOW MODEL

The indirect model is used. 'Cash and bank' includes bank deposits available for use at year end, except as noted for restricted funds.

NOTES TO THE ACCOUNTS

NOTE 1) SALES

CRUDE OIL

All of the company's crude oil production is sold to the ultimate parent company, Idemitsu Kosan Co., Ltd. The crude oil is sold on a FOB (Free On Board) basis. Idemitsu Kosan Co., Ltd. sells this oil directly to Statoil on a long term sales agreement. Idemitsu Petroleum Norge AS receives the norm price linked price paid by Statoil less a margin for Idemitsu Kosan Co., Ltd. This margin covers all sales and transportation and shipping activities as well as swapping arrangements to secure crude oil supply to Japan. In 2009, a total of 9.7 million barrels was sold.

ROYALTY

Idemitsu does not participate in production licenses where royalty is levied.

NGL

All NGL is sold to Statoil on long term contracts.

DRY GAS

All dry gas is sold to Statoil on long term contracts.

TARIFF INCOME

Vigdis well stream is processed at the Snorre TLP. Idemitsu has a 9.6 % share of both fields. The processing tariff revenue and cost, which are booked under 'Tariff income' and 'Production cost, processing tariff' respectively, have no net profit impact on the company's accounts.

NOTE 2) PENSIONS

Pension rights for Japanese employees are covered in Japan by group companies. Idemitsu has a group pension insurance with Vital covering 24 local employees. The group pension insurance is in accordance with the requirements stated in Norwegian pension legislation. Net

pension obligations are recorded under 'Provisions' in the Balance sheets. The annual change in net obligation is recorded as expense under 'Other operating and administrative costs' in the Profit and loss statements. Accounting of pension cost is done in accordance with IAS 19.

MOVEMENTS IN 2009 (AMOUNTS IN NOK)	BELOW 12G	ABOVE 12G
Service cost	3 631 209	777 911
Interest cost	738 779	209 510
Return on pension plan assets	-790 828	-164 595
Administration	112 393	37 342
Net pension cost before social security	3 691 553	860 168
Social security on pension cost	520 509	121 284
Actuarial loss / (gain)	139 067	84 641
NET PENSION COST	4 351 129	1 066 093

	BELOW 12G		ABOVE 12G	
	31.12.09	31.12.08	31.12.09	31.12.08
Estimated pension obligations	20 482 970	12 883 096	6 197 874	4 902 370
Pension plan assets (market value)	13 632 525	11 409 418	3 229 540	2 035 680
Net pension obligation – overfinanced / (underfinanced)	-6 850 445	-1 473 678	-2 968 334	-2 866 690
Social security on obligation	-965 913	-207 789	-418 535	-404 203
Net pension obligation including social security	-7 816 358	-1 681 467	-3 386 869	-3 270 893
Unrecognized actuarial loss / (gain)	3 313 403	-741 405	2 168 569	1 749 987
Estimate deviation social security	467 190	-104 538	305 768	246 748
NET BENEFIT OBLIGATIONS	-4 035 765	-2 527 410	-912 532	-1 274 158

ECONOMICAL ASSUMPTIONS:

Discount rate	4.40 %
Expected compensation increase	4.25 %
Expected return on pension plan assets	5.60 %
Adjustments in National Insurance base rate	4.00 %
Adjustments in pensions	4.00 %

NOTE 3) ADMINISTRATION COSTS

Fee to non-employed Directors was NOK 70 000. Employed Directors have not received remuneration for their work as members of the Board. Total compensation to the Managing Director was 3.1 million NOK. No employee has options, profit sharings or "golden parachutes". There are no loans or pledges of security to the Managing Director or board members.

The amount of loan to employees was 8.2 million NOK at 31 December 2009. The company had 34 employees at the end of 2009.

Idemitsu changed auditor from PriceWaterhouseCoopers to Ernst & Young starting from 2009, following similar change of auditor for the parent company.

SPLIT OF PAYROLL EXPENSES:	2009	2008
Wages and salaries	48 219 429	38 623 536
Social security tax	7 041 569	5 441 309
Pensions including pension liability	4 931 125	4 172 959
Allowances	197 793	227 694

SPLIT OF BOOKED FEES TO AUDITORS	2009	2008
PriceWaterhouseCoopers, audit fee	440 000	387 273
PriceWaterhouseCoopers, other services	219 100	284 798
Ernst & Young, audit fee	276 575	-
Ernst & Young, other services	-	-

NOTE 4) DEPRECIATION AND RESERVES

The reserve numbers shown below are the estimated total produceable reserves in the currently producing fields. The depletion of the reserves requires substantial future investments. These future investments are included in the depreciation base. The resulting U.O.P. depreciation charge is estimated to be equal to the depreciation of current investments over the reserves exploitable from the current investments. Production rights are depreciated using the U.O.P. method, based on the total production from the area in question. Idemitsu accounts only for reserves of crude oil in the Tampen fields, where reserves of NGL and dry gas have very little net economic value for the company. In the Fram area, the natural gas liquids and dry gas are included.

Impairment testing of production assets is performed annually, based on crude oil forward prices and estimated future production curve. No impairment was necessary for 2009.

The Idemitsu net remaining reserves (P50) at the end of 2009 are broken down as follows:

	MILLION SM ³	MMBOE
Snorre	8.2	52
Tordis area	0.9	6
Vigdis area	1.3	8
Statfjord Øst & Sygna	0.1	1
Fram area (O.E.)	2.9	18
Total (31.12.09)	13.4	85

The net remaining reserves at the beginning of 2009 were 14.5 million Sm³ (91 mmboe). During 2009, 1.5 million Sm³ (9 mmboe) of net crude oil was produced. Net NGL and dry gas production from Fram was 0.1 million Sm³ oe in 2009 (0.6 mmboe). Effects of adding new projects such as infill wells and re-evaluation of the reserves have increased the volume by 0.5 million Sm³. Thus, the remaining reserves at the end of 2009 is 13.4 million Sm³ (85 mmboe) with a net reduction of 1.1 million Sm³ (6 mmboe) during 2009. The reserve numbers have not been audited.

NOTE 5) FIXED ASSETS (1 000 NOK)

A) PETROLEUM FIELDS UNDER DEVELOPMENT					
	COST 01.01.09	ADDITIONS IN 2009	DISPOSALS IN 2009	TRANSFER TO FIELDS IN OPERATION	BOOK VALUE 31.12.09
Vega Sor	132 433	243 661	-	-	376 094
TOTAL	132 433	243 661	-	-	376 094

B) PETROLEUM FIELDS IN OPERATION									
	COST 01.01.09	ADDITIONS IN 2009	DISPOSALS IN 2009	COST 31.12.09	ACCUM. DEPR. 01.01.09	DEPR. IN 2009	ACCUM. DEPR. 31.12.09	BOOK VALUE 31.12.09	CAPITALIZED INTEREST
Snorre	4 334 922	232 723	-	4 567 645	-3 413 864	-247 140	-3 661 004	906 640	325 327
Snorre B	1 857 141	133 778	-	1 990 919	-1 195 947	-206 109	-1 402 056	588 862	130 017
Statfjord Øst	345 488	5 649	-	351 137	-309 348	-9 287	-318 636	32 501	15 814
Tordis	1 163 353	74 735	-	1 238 087	-882 115	-60 698	-942 813	295 274	24 706
Vigdis	1 506 815	103 349	-	1 610 164	-1 046 178	-103 050	-1 149 228	460 937	39 587
Sygna	102 383	960	-	103 343	-92 571	-1 344	-93 915	9 429	2 939
Fram	1 550 688	-19 325	-	1 531 364	-573 513	-223 549	-797 062	734 301	16 546
TOTAL	10 860 790	531 869	-	11 392 659	-7 513 536	-851 177	-8 364 714	3 027 945	554 936

C) PRODUCTION RIGHTS – SEE NOTE 7					
	COST	ACCUM. DEPR. 01.01.09	DEPR. IN 2009	ACCUM. DEPR. 31.12.09	BOOK VALUE 31.12.09
Production rights Snorre		-741 314	-20 348	-761 662	257 439
Production rights Fram		-191 220	-52 436	-243 655	207 345
TOTAL	1 470 101	-932 534	-72 783	-1 005 317	464 784

D) SUCCESSFUL EFFORTS EXPLORATION WELLS					
	COST 01.01.09	ADDITIONS IN 2009	DISPOSALS IN 2009	TRANSFER TO FIELDS IN OPERATION	COST 31.12.09
TOTAL	690 244	92 340	-	-3 151	779 433

E) OTHER FIXED ASSETS									
	COST 01.01.09	ADDITIONS IN 2009	DISPOSALS IN 2009	COST 31.12.09	ACCUM. DEPR. 01.01.09	DEPR. IN 2009	DEPR. DISPOSALS IN 2009	ACCUM. DEPR. 31.12.09	BOOK VALUE 31.12.09
Furniture & fixtures	26 102	4 640	-16 516	14 226	-17 759	-3 767	16 424	-5 102	9 124

NOTE 6) TAXES (NOK)

DIFFERENCE BETWEEN PROFIT BEFORE TAX AND TAX BASIS	2009	2008
Profit before tax	1 115 404 141	3 257 983 543
Permanent differences	142 704 897	73 605 440
Movement temporary differences – fixed assets	159 120 300	18 041 014
Movement temporary differences – other temporary differences	-145 125 577	-24 930 977
Tax basis – corporate tax (28 %)	1 272 103 761	3 324 699 020
Financial items w/o special tax effect	341 831 258	-483 857 270
Uplift	-240 415 049	-244 875 654
Tax basis – special tax (50 %)	1 373 519 970	2 595 966 096

TAX COST OF THE YEAR	2009	2008
Payable tax	1 042 949 038	2 228 898 774
Correction prior years	-49 128 422	65 416
Change deferred tax	-96 343 987	87 497 678
TOTAL TAX COST	897 476 629	2 316 461 868

DEFERRED TAX LIABILITY RELATED TO TEMPORARY DIFFERENCES 31.12	2009	2008
Fixed assets	1 586 540 685	1 745 660 985
Other temporary differences	78 702 151	-66 423 427
Basis for corporate tax	1 665 242 836	1 679 237 558
Temporary difference valuation of FX contracts	-6 609 193	164 247 014
Basis for special tax	1 658 633 643	1 843 484 572
Deferred corporate tax	28% 466 267 994	470 186 516
Deferred special tax	50% 829 316 822	921 742 286
TOTAL DEFERRED TAX	1 295 584 815	1 391 928 802

RECONCILIATION OF NOMINAL AND EFFECTIVE TAX RATE 2009	INCOME (MNOK)	TAX AMOUNT (MNOK)	EFFECTIVE TAX RATE
Profit before tax	1 115	870	78.0%
Uplift	-240	-120	-10.8%
Permanent differences	143	111	10.0%
Financial items applied onshore only	171	85	7.7%
Tax adjustment prior years		-49	-4.4%
Effective tax rate		897	80.5%

NOTE 7) §10-RULINGS

The Petroleum Tax Act §10 states that transfer of interests in production licenses is subject to approval by the Norwegian government, and that the government can set certain conditions for approval related to the tax treatment of the transfer of interest.

In connection with Idemitsu's 1989 acquisition of a 9.6 % interest in the production licenses 057 and 089 from Statoil, such a §10-ruling was made. This ruling states that:

CASH PAYMENT TO STATOIL SHALL BE TREATED AS FOLLOWS:	NOK
Cash payment for 9.6 % of PL 057 and PL 089	1 100 000 000
Interest	21 879 151
Total	1 121 879 151
Allocated to Development cost Snorre	- 102 778 360 ⁻¹⁾
Remainder – Production rights	1 019 100 791 ⁻²⁾

¹⁾ Tax deductible over 5 years straight line. Uplift is given.

²⁾ Never tax deductible for corporate tax or special petroleum tax purposes. No uplift given.

In the Assignment Agreement for purchase of the 9.6 % shares in PL 057 and PL 089, Idemitsu and Statoil agreed that Statoil shall receive 50 % of the excess monthly value of petroleum production from these fields if the norm price exceeds USD 20/bbl, inflation-adjusted from 1989. There is a cap on the total amount. In 2009, the norm price exceeded this level in all months. The cost related to the profit sharing agreement is expensed on a monthly basis and accrual is made in the Balance sheets under 'Other current liabilities and overlift' until payment is made.

In connection with Idemitsu's acquisition in 2002 of shares in licenses 090, 174 and 191 from SDFI, another §10-ruling was made. This ruling states that the consideration to SDFI shall be non-deductible for Idemitsu. The consideration is classified as 'Production rights' in Idemitsu's Balance sheets, and the depreciation according to the U.O.P. method is not deducted for tax purpose.

NOTE 8) INTERESTS IN NORWEGIAN PRODUCTION LICENSES (AS OF 31.12.09)

PRODUCTION LICENSE	BLOCK(S)	EXPIRY YEAR	PRODUCING FIELDS	OPERATOR	INTEREST
057	34/4	2015	Snorre	Statoil	9.6 %
089	34/7	2024	Snorre, Tordis area, Vigdis area	Statoil	9.6 %
			Statfjord Øst	Statoil	4.8 % ¹⁾
			Sygna	Statoil	4.32 % ²⁾
090	35/11	2024	Fram Vest, Fram Øst	Statoil	15 %
090B	35/11	2024		Statoil	15 %
090C	35/11	2024		Statoil	15 %
090D	35/12	2010		Statoil	15 %
273	2/9	2039		ConocoPhillips	10 %
293	34/12, 35/7 & 10	2039		Eni	15 %
318	35/2	2010		Statoil	20 %
318B	35/4, 5	2010		Statoil	20 %
318C	6203/10	2010		Statoil	20 %
373S	34/2,3,5,6	2013		BG	25 %
377S	35/7	2014		Idemitsu	50 %
390	6505/6 & 9 6506/4	2011		BG	30 %
391	6506/1	2011		BG	20 %
420	35/9	2012		RWE Dea	30 %
522	6604/2,3,4,5 & 6	2015		BG	20 %
537	7324/7 & 8	2014		OMV	20 %

¹⁾ According to current unitisation agreement where PL089 and PL037 each has 50 % interest.

²⁾ According to first and final unitisation agreement between PL089 and PL037.

NOTE 9) INVENTORY

ALL NUMBERS IN NOK		2009	2008
CRUDE OIL			
Field		INVENTORY VALUE	INVENTORY VALUE
Statfjord Øst		-	2 851 048
Tordis		-	159 159
Vigdis		-	4 018 253
Sygna		401 181	-
Fram		726 689	5 437 719
Value recorded as asset 31.12	A	1 127 871	12 466 179
Field		NET LIABILITY	NET LIABILITY
Snorre		33 679 503	16 126 390
Sygna		-	945 769
Tordis		27 159 336	-
Statfjord Øst		7 552 524	-
Vigdis		2 829 864	-
Value recorded as Other current liabilities and overlift 31.12		71 221 227	17 072 159
NATURAL GASOLINE			
Value recorded as asset 31.12	B	871 409	312 908
Value recorded as Other current liabilities and overlift 31.12		837 423	412 302
ETHANE			
Value recorded as asset 31.12	C	566 810	633 436
Value recorded as Other current liabilities and overlift 31.12		528 063	266 195
STOCK OF SPARE PARTS ETC. HELD BY OPERATORS	D	89 242 987	66 823 013
TOTAL INVENTORY VALUE A+B+C+D		91 809 078	80 235 536

Idemitsu does not have inventory of propane and butane, as these products are sold on a monthly production basis to Statoil.

NOTE 10) ASSET RETIREMENT COSTS

The Norwegian government may, at the termination of production or expiration of a license, require Idemitsu to remove offshore installations. Given reserve estimates at license expiry, Idemitsu finds it unlikely that the Norwegian government will exercise its option to take over the installations. With current and expected future fishery and environmental concerns, it is likely that the Norwegian government or international institutions and legislation will require the installations to be removed. It is also necessary to close down all production and injection wells as their use is completed. Idemitsu's throughput based share of pipeline / transportation system removal is immaterial. There is currently no legislation for onshore installations of pipelines on foreign territories. No accrual is made.

Abandonment and decommissioning obligations are recorded at net present value. Reference is made to Accounting Principles.

In the calculation of net present value an inflation rate of 2.5 % and a discount rate of 5.65 % have been used. All the liability is long term.

There are significant uncertainties inherent in the calculations of abandonment and decommissioning costs, which is highly dependent upon future technology levels and the degree of removal required. Idemitsu obtains abandonment and decommissioning cost estimates from the operators. The estimates are reviewed by Idemitsu's own technical staff. The removal estimates are based upon complete removal and onshore disposal of any installations not below the seabed. Pipelines will be cleaned and left buried. Well closure cost includes cleaning wells and installing cement plugs in the permeable zones and upper part of the well.

ALL NUMBERS IN NOK	2009	2008
Provision for abandonment liability 1 January	763 956 526	553 899 174
Change of estimate	77 953 332	84 267 976
Effect of changed discount rate	-40 422 220	91 558 405
Interest effect on the NPV obligation	40 566 092	34 230 969
Provision for abandonment liability 31 December	842 053 729	763 956 526

NOTE 11) FINANCIAL INSTRUMENTS

Revenues are largely denominated in USD, while investments and operating costs generally accrue in NOK. Idemitsu uses forward exchange contracts to minimize this NOK exposure. All foreign exchange contracts entered into are short term.

Idemitsu had a number of forward exchange contracts outstanding as of 31.12.09.

All outstanding contracts have been revalued at market value at 31.12.09.

The annual requirement to exchange currencies from USD to NOK is approximately between 500 and 600 million NOK for operations. In addition, all tax payments must be made in NOK. For investment in petroleum fields, the exchange requirement varies.

NOMINAL VALUE OUTSTANDING CONTRACTS (NOK)	MARKET VALUE OUTSTANDING CONTRACTS 31.12.09 (NOK)	REVALUATION GAIN (NOK)
456 000 000	462 609 192	6 609 192

NOTE 12) FINANCIAL RISK

MARKET RISK

Idemitsu is fully exposed to the oil price fluctuation risk. The company has most of its income in USD and cost in NOK. Most of the USD to NOK currency exchange risk was covered by short term foreign exchange contracts. Risk reductions by using the mentioned financial instruments will never exceed the actual risk position.

LIQUIDITY RISK

The company has no long term loans and a comfortable cash position. The cash flow from

fields in production is strong and sufficient to cover the company's obligations even when the crude oil price is fairly low. It is expected that the company has substantial loan capacity based on the security of its producing assets.

CREDIT RISK

The customers and banks which are doing business with the company are large and solid corporations. The company is spreading its financial assets among several banks.

NOTE 13) EQUITY

The share capital consists of 7 279 shares of NOK 100 000, all fully paid. All shares are owned by Idemitsu Snorre Oil Development Co. Ltd. in Japan. Group accounts are prepared by the ultimate parent company, Idemitsu Kosan Co., Ltd. and are available at www.idemitsu.co.jp. The parent company is located in Tokyo, Japan.

CHANGES IN EQUITY	
Retained earnings 31.12.08	2 459 162 036
Profit 2009	217 927 512
Paid extraordinary dividend	-324 600 000
Retained earnings 31.12.09	2 352 489 548

NOTE 14) OTHER LIABILITIES AND COMMITMENTS

Idemitsu, as all other oil companies operating on the Norwegian Continental Shelf, has unlimited liability for possible compensation claims arising from its offshore operations, including pollution. To cover these liabilities, Idemitsu has obtained insurance covering such liabilities up to 1 065 million NOK for 100 % share. The deductible is 30 million NOK. Liabilities arising from well blow outs are covered up to 1 916 million NOK for a 100 % share, with a deductible of 30 million NOK. Liabilities arising from transportation of crude oil are the responsibility of the buyer, Idemitsu Kosan Co., Ltd.

Offshore assets are insured at replacement value with third party insurance companies.

Idemitsu has been involved together with other partners in a forced arbitration process against Statoil regarding pension liabilities in ex Hydro-operated licenses for the period prior to 2001. No accrual has been made for any such possible liabilities.

Through its license ownership interests, Idemitsu has certain obligations for future investments and

drilling activities. Total committed investments for exploration well drilling were 363 million NOK at 31 December 2009, related to four exploration wells in the licenses PL377 S, PL089, PL420 and PL318. Furthermore, Idemitsu has committed to investments in Vega Sør where PDO has been approved and development is ongoing. Based on latest investment estimates, the remaining committed investments for Vega Sør as of 31 December 2009 were 79 million NOK. There are also substantial investments planned in fields where PDOs are not yet submitted or approved by the government.

Idemitsu does not have any leasing agreements that can be defined as financial leases. Current leasing agreements are operational and the expenses are included under 'Other operating and administrative costs'.

Idemitsu is committed to certain dry gas delivery, transportation, and processing obligations as an integral part of the license activity. These obligations are not in excess of planned future production.

NOTE 15) OTHER LONG TERM RECEIVABLES

Prepaid tariff from Vega Sør to Gjøa has been recorded as 'Other long term receivables' in the Balance sheets. This prepayment will be

recovered through lower tariff at Gjøa during the production period for Vega Sør.

NOTE 16) PAYABLES / RECEIVABLES GROUP COMPANIES


COMPANY	RECEIVABLES		PAYABLES	
	USD	NOK	JPY	NOK
Idemitsu Kosan Co., Ltd	57 792 704	333 851 113		
Idemitsu Oil & Gas Co., Ltd			11 398 157	713 160

NOTE 17) EXPLORATION COST

Drilling and testing cost for wells with commercial discoveries or where status of discovery is pending is capitalized.

Following are the expensed and capitalized exploration costs in 2009:

ALL NUMBERS IN 1000 NOK	EXPENSED	CAPITALIZED
License exploration cost	207 979	89 189
Internal exploration cost	18 244	
TOTAL	226 223	89 189



Statsautoriserte revisorer
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To the Annual Shareholders' Meeting of
Idemitsu Petroleum Norge AS

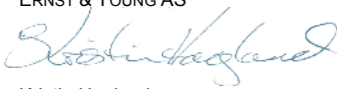
Auditor's report for 2009
We have audited the annual financial statements of Idemitsu Petroleum Norge AS as of 31 December 2009, showing a profit of NOK 217 927 512. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income, cash flows as well as the accompanying notes. The regulations of the Accounting Act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements. These financial statements and the Directors' report are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. Those standards and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects the financial position of the Company as of 31 December 2009, and the results of its operations, cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the Company's management has fulfilled its duty to properly record and document the Company's accounting information as required by law and generally accepted bookkeeping practice in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and comply with law and regulations.

Oslo, 8 April 2010
ERNST & YOUNG AS



Kristin Hagland
State Authorised Public Accountant (Norway)

A member firm of Ernst & Young Global Limited

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